



MONTANA STATE HOSPITAL POLICY AND PROCEDURE

CENTRALIZED CONTRACTING

Effective Date: May 2, 2008

Policy #: ADM-01

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I. PURPOSE: To establish procedures and responsibility for developing and administering a centralized contracting program, in order to obtain needed services at favorable prices without compromise of suitability, appropriate quality and reliable contractor performance.

II. POLICY:

- A. It is the policy of Montana State Hospital that procurement of all contracts be centralized through the Purchasing Office. Centralizing this process will provide continuity in the writing, requirements and awards of all RFPs and bids for contracts. In addition, centralization will provide fair, legal cost effective constraints be applied to all contract awards. Furthermore, this will insure Montana State Hospital is at minimal liability, by applying strict adherence to insurance and legal requirement, while providing the best service for the lowest cost, thus reducing the cost of government and fulfilling our obligation to tax payers a public servant.
- B. It is the intent of this policy to develop a system which will be applied in the formulation of all contracts. All laws, rules and regulations of the State of Montana will be strictly adhered to in the issuing all contracts. Although, some contracts do not require a formal procedure such as an RFP or bid process, Montana State Hospital will apply sound purchasing practices in awarding or issuing any contract.
- C. All contracted services will be evaluated annually (or at more frequent intervals for contracts under one year in duration) to ensure all applicable and appropriate standards are met and the services provided as intended.

III. DEFINITIONS:

- A. ARM - Administrative Rules of (the State of) Montana
- B. DPHHS - Department of Public Health and Human Services
- C. Initiator - Hospital department director initiating contract
- D. MCA - Montana Codes Annotated

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- E. MOM - Montana Operations Manual
- F. RSC - Request for Service Contract
- G. RFP - Request for Proposal
- H. Offeror - Any individual, not employed by MSH, intending to offer a proposal for providing service.
- I. Fully Executed Contract – Completed contract including Addictive and Mental Disorders Division Administrator's signature and contractor's signature.

IV. RESPONSIBILITIES:

- A. The responsibilities of Hospital Department Directors are:
 - 1. Initiate any contract required by the Hospital department.
 - 2. Fill out RSC and obtain all necessary approval signatures.
 - 3. Upon receiving appropriate signatures, contact Purchasing Specialist to discuss appropriate purchasing requirements for service requested.
 - 4. Upon deciding appropriate purchasing method, the Purchasing Specialist will provide Initiator with proper forms, i.e., RFP, Contract, bid. It will be the Initiator's responsibility to complete sections applicable to the Initiator's field of expertise as described in Section V. "Procedures".
 - 5. Appoint selection committee if RFP process is necessary and develop selection criteria.
 - 6. Chair selection committee during RFP process.
 - 7. Act as liaison between contractor and Montana State Hospital to determine contractor responsibilities and payment terms.
 - 8. As contract liaison, will be responsible to communicate to contractor all documentation requirements for fulfillment of contract, i.e., Worker's Comp., General Liability, Professional Liability, etc. These requirements will be provided by the purchasing specialist.
 - 9. Insure all contracts include indicators for quality and to insure the service is provided as intended under the contract.
 - 10. To provide an evaluation of contracted services, no less than annually, to the Hospital's Quality Improvement Committee and Medical Staff Committee.
 - 11. As contract liaison, will be responsible to insure all accreditation and licensure requirements of contract are met to include all supporting documentation.

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12. If a conflict of interest or a personal relationship between contract initiator and contractor exists which could possibly be construed as a breach of ethics, it is the contract initiator's responsibility to immediately remove himself/herself from the negotiating process and alert the purchasing specialist, Hospital Administrator, or direct supervisor of situation.
13. Review and assess invoice for accuracy and contract fulfillment. After review, if invoice deemed appropriate, sign invoice for payment authorization. **NO INVOICE WILL BE APPROVED FOR PAYMENT WITHOUT A FULLY EXECUTED CONTRACT.**

B. The responsibilities of the Purchasing Specialist are:

1. Work in conjunction with contract initiator throughout contracting procedure to insure all applicable requirements are met.
2. Provide contract initiator with advice and guidance regarding legal requirements for purchasing requested service.
3. Determine if requested service falls within the boundaries of Montana State Hospital's Delegated Purchasing Agreement. If not, request an exception from the Department of Administration to proceed at Montana State Hospital, or complete a requisition and submit to Department of Administration for completion.
4. Provide contract initiator with most current forms for RFPs, bidding and contracting.
5. Review all sections of contract, bid, or RFP for appropriate content, with service contract Initiator. In addition, insure all contracts, bids, and RFPs fall within all rules and regulations as dictated by MCA, MOM, ARM, DPHHS policies, etc.
6. Type draft of contract, bid, or RFP for final perusal of Initiator and committee.
7. Serve on all RFP committees as recorder and mediator to insure all laws, rules and requirements of the RFP process are met
8. Act as primary liaison between Montana State Hospital and the Department of Administration, DPHHS Contracts Officer, offerors, vendors, etc.
9. Record and store all necessary information on all RFP processes.
10. Prepare all contract materials for submittal to DPHHS for final signatures.
11. Keep primary file of all service contracts at Montana State Hospital.
12. Notify Initiator of a contract expiration date, requesting information to final, extend, renew, etc.
13. Intermittently review contract terms and conditions with Initiator, insuring Montana State Hospital is receiving appropriate service.
14. Issue periodic lists of service contracts to hospital management staff.

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15. Provide training of this policy to all supervisors and new supervisors and keep record of training.
 16. Review and update policy as need arises, or as required by policy.
- C. The responsibilities of the Accounting Supervisor are:
1. Provide Purchasing Specialist with advice on an as needed basis as questions arise in a contracting procedure.
 2. Serve as primary back-up in administering the above processes in the absence of the Purchasing Specialist on an as needed basis.
- D. The responsibilities of the Chief Financial Officer are:
1. Determine availability of funds required by Initiator for needed services.
 2. Provide Purchasing Specialist with advice on an as needed basis as questions arise in contracting procedure.
 3. Serve as secondary back-up in administering the above processes in the absence of the Purchasing Specialist on an as needed basis.
- E. The responsibilities of the Accounting Clerk in the Claims Department are:
1. Review contract upon receipt of invoice for accuracy of pricing, per contract terms.
 2. Alert Purchasing Specialist of any discrepancies in invoicing.
 3. Pay ALL invoices in arrears of services received.
 4. NO INVOICE WILL BE PAID WITHOUT A FULLY EXECUTED CONTRACT.
- F. The responsibilities of the Quality Improvement Director are:
1. Review for conformity of contracts to standards and approve quality monitors and evaluation procedures for all contracts.
 2. Insure Quality Improvement Committee evaluates contracted services and reviews quality indicator data no less than annually and report summary results to the medical staff at least annually.
- G. The responsibilities of the Medical Staff are:
1. Review all clinical contracts annually to approve contract or continuation of contract, and evaluate quality indicator data provided by the QA Committee.

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H. The responsibilities of the Medical Director are:

1. Review and approve all contracts for clinical services.
2. Insure clinical staff comply with hospital contracting policy.

I. The responsibilities of the Hospital Administrator are:

1. Insure a functional hospital-wide process exists for centralized contracting.
2. Insure all employees of Montana State Hospital comply with policy
3. Mediate all in-house disputes of contract terms.
4. Give final approval to all contracts.

V. PROCEDURE:

A. Initiating the Contract

- Step 1. Initiator will fill out a RSC form to begin contracting process. RSC must include a brief description of the service requested, justification for service, desired inception date, approximate cost of such service, and predicted duration of contract, etc. (see attachment A).
- Step 2. Initiator will request approval signatures from the following individuals on all contracts: Hospital Department Director; Chief Financial Officer; and Hospital Administrator. All clinical contracts also require the Medical Director's signature.
- Step 3. Upon receipt of appropriate approval signatures the Initiator will contact the Purchasing Specialist to discuss purchasing requirements for service requested.
- Step 4. Purchasing Specialist will provide Initiator with appropriate forms to initiate contracting service process. During this initial meeting the areas of responsibility for Purchasing Specialist and Initiator will be outlined on the forms. In addition, an approximate time line for completion of contracting process will be set.
- Step 5. Upon determination that a RFP or bid process is required to acquire desired service, the following duties will become those of the Initiator.
 - a. Appoint evaluation committee to contain no less than the Initiator and two appointees. The Purchasing Specialist will serve as

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organizer, recorder and mediator only, unless requested by Initiator to sit on evaluation committee.

- b. Fill out applicable sections of RFP to include: Instructions and information to officers concerning the proposal submission requirements; and all evaluation factors, including price, work plan, capacity to perform work, expertise, references, knowledge, and demonstrated competence, which will be used to determine the award, and the relative importance of each factor.
 - c. Upon completion of “B” above, all evaluation committee members should review and comment on all sections of RFP or bid. This allows committee to provide input as well as stay abreast of requirement of contract from the onset.
 - d. All RFPs will be mailed, received, and held at the Purchasing Specialists office until day and time of opening stipulated on the RFP as dictated by MOM 1-0706.40.
 - e. RFPs will be opened and open for Public inspection according to MCA 18-4-304.
 - f. From the beginning of the RFP process through the finalization of contract, the Purchasing Specialist will be Liaison for Montana State Hospital. All requests for clarification will be accepted in writing only, and clarifications from Montana State Hospital will be provided to all offerors in writing. During the negotiation process, any verbal discussion with offerors, prior to finalization of contract, will be done by conference call with the evaluation committee present. At the time of contract signing, the Initiator will become Liaison between successful offeror and Montana State Hospital.
 - g. All RFPs will be awarded in accordance with MCA Title 18, and MOM Volume 1 Chapter 1-0700.
- Step 6. Upon award of RFP through Montana State Hospital, the Purchasing Specialist will compile a contract, containing all information obtained through the RFP process, for approval of the Department of Public Health and Human Services, through their Contracts Officer.
- Step 7. Purchasing Specialist will compile and write contract.

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- Step 8. If an RFP process is required to be completed through the Department of Administration, Step 5 requirements will be necessary, with Department of Administration acting as Liaison between offerors and Montana State Hospital during the RFP process, and the Purchasing Specialist acting as Liaison between Montana State Hospital and the Department of Administration. Initiator will become Liaison at the time of final contract award.
- Step 9. Any contract not requiring a competitive purchasing practice will be compiled with the cooperation of the Initiator and Purchasing Specialist. All contracts will be sent through DPHHS Contracts Officer for processing and signature. Sound purchasing principles in choosing a vendor for these contracts will be applied at all times.
- Step 10. All original service contracts will be kept in a main file in the purchasing office. Copies will be distributed to appropriate personnel.
- Step 11. The Purchasing Specialist will maintain a list of all current service contracts for dispersal to management staff.
- Step 12. The Purchasing Specialist will monitor the status of all service contracts for expiration dates and renewals. All renewals or finalizations will be done with the approval of Initiator only. Any renewal or addendum will require completing a new RSC form. (see attachment A)
- Step 13. The Initiator's signature will be required on all invoicing prior to payment.
- Step 14. Vendor protests will be forwarded to the Purchasing Specialists office and handled in accordance with MOM 1-0717.00.

B. Monitoring the Contract

- Step 1. Each contract will contain provisions for monitoring and evaluating the quality of services provided. These provisions must be reviewed and approved by the Director of Quality Improvement prior to finalizing the contract. These provisions will include procedures for collecting and reporting data for performance measurement and evaluation purposes.

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C. Payment of the Contract

- Step 1. Upon receipt, the Claims Department Accounting Clerk will forward invoice to contract liaison.
- Step 2. Contract liaison will review invoice for accuracy of charges according to contract and appropriateness of charges. Services rendered for the invoice period should, at a minimum, be attached to the invoice. Any discrepancies will be addressed to contractor by liaison. Upon approval, liaison will sign invoice and return to Claims Department Accounting Clerk. Signature denotes that the liaison has reviewed the contract and that services rendered are in accordance with the contract.
- Step 3. Claims Department Accounting Clerk will review invoice for accuracy of billing per contract terms. If any discrepancies are noted, will return to MSH liaison to address with contractor, noting specific concerns in writing. Only invoices listing services rendered and signed by liaison will be paid.
- Step 4. Claims Department will pay invoice.

VI. REFERENCES:

- A. Montana Codes Annotated (MCA): Title 18;30-14-4; Uniform Trade Secrets Act.
- B. Montana Operations Manual (MOM): Vol.1 Chap. 1-0700, 1-0717, and 10706.40
- C. Administrative Rules of the State of Montana
- D. DPHHS Purchasing Policy: February 4, 1998
- E. DPHHS Delegated Purchasing Agreement: #C97-24 August, 1997
- F. Department of Administrations "Getting It Purchased" Manual: January, 1998

VII. COLLABORATED WITH: Hospital Administrator, Chief Financial Officer; Accounting Supervisor; Quality Improvement Director; Director of Nursing Services; Director of Information Services, Director of Human Resources; DPHHS Addictive and Mental Disorders Division; Department of Administration Purchasing Bureau.

VIII. RESCISSIONS: #ADM-01, *Centralized Contracting* dated November 17, 2004; #ADM-01, *Centralized Contracting* dated May 15, 2001; # ADM-01, *Centralized Contracting* dated February 14, 2000; H.O.P.P. #ADM-07-98-N, *Centralized Contracting*, April 22, 1998; #ADM-04-96-N, *Contracted Services*, November 12, 1996

IX. DISTRIBUTION: All hospital policy manuals and supervisory staff.

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Ed Amberg Date
Hospital Administrator
- _____/_____/_____
Tracey Thun Date
Chief Financial Officer